

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

SB 1561 – HB 1564

January 25, 2016

SUMMARY OF BILL: Establishes a new certification program to be administered by the Department of Safety (DOS) for manufacturers of autonomous vehicles before such vehicles may be tested, operated, or sold in Tennessee. Requires DOS to establish a fee for applications for autonomous vehicles with amounts adequate to pay all administrative costs incurred by the department in administering the program; creates a \$0.01 per mile driven tax structure for autonomous vehicles with two axles, and \$0.026 per mile driven tax structure for autonomous vehicles with more than two axles. Specifies the allocation provisions for the revenue generated by per mile driven tax.

ESTIMATED FISCAL IMPACT:

Increase State Revenue –

Not Significant/FY16-17/General Fund

\$100/FY16-17/Highway Fund

Exceeds \$300/FY16-17/Department of Safety

Not Significant/FY17-18/General Fund

\$300/FY17-18/Highway Fund

Exceeds \$500/FY17-18/Department of Safety

Exceeds \$100/FY18-19 and Subsequent Years/General Fund

Exceeds \$400/FY18-19 and Subsequent Years/Highway Fund

Exceeds \$500/FY18-19 and Subsequent Years/Department of Safety

Increase State Expenditures –

Exceeds \$300/FY16-17/Department of Safety

Exceeds \$500/FY17-18 and Subsequent Years/Department of Safety

Increase Local Revenue –

Exceeds \$100/FY17-18

Exceeds \$200/FY18-19 and Subsequent Years

Other Fiscal Impact – To the extent certification for autonomous vehicles becomes more prevalent in future years beyond FY18-19, the extent of revenue realized by state and local governments will increase proportionate to any such

growth. In addition, the Department of Safety may require additional resources at some point in the distant future depending upon the extent of any such future growth.

Assumptions:

- With Google, Tesla, Microsoft, and Apple being headquartered and actively developing autonomous vehicle (AV) technology in California, it is widely considered a leading state in AV research and development.
- The Department of Revenue reports that 11 autonomous vehicles (AV) are currently registered in the state of California.
- Based on population estimates of California and Tennessee, it is reasonably estimated that three certifications (one in each grand division) will be issued in FY16-17; six certifications will be issued in FY17-18; and a number exceeding nine certifications will be issued in FY18-19 and subsequent years.
- Based on California data, the total mileage for each AV is estimated to exceed 6,000 miles annually.
- Mileage for AVs certified in TN is estimated to average 6,000 miles per year per vehicle in FY16-17; 7,000 miles per year per vehicle in FY17-18, and a minimum of 8,000 miles per year per vehicle in FY18-19 and subsequent years.
- Due to the January 1, 2017, effective date, first year mileage for AVs registered in TN will average 3,000 miles, rather than 6,000 miles.
- One-hundred percent of AV's certified in TN will have two axles for the foreseeable future; therefore, a \$0.01 per mile driven tax will be levied.
- The increase in tax revenue for FY16-17 is estimated to be \$90 (\$0.01 tax x 3,000 miles x 3 AVs); in FY17-18 is estimated to be \$420 (\$0.01 tax x 7,000 miles x 6 AVs); and in FY18-19 and subsequent years is estimated to exceed \$720 (\$0.01 tax x 8,000 minimum miles x 9 AVs).
- The bill mandates that 70 percent of the new tax revenue be distributed to the state and 30 percent be distributed to local governments.
- The 70 percent state portion shall be allocated such that 60 percent shall be allocated to the Highway Fund and 10 percent shall be allocated to the General Fund.
- The increase in state revenue to the Highway Fund in FY16-17 is estimated to be \$54 (\$90 x 60.0%); in FY17-18 is estimated to be \$252 (\$420 x 60.0%); and in FY18-19 and subsequent years is estimated to exceed \$432 (\$720 x 60.0%).
- The increase in state revenue to the General Fund in FY16-17 is estimated to be \$9 (\$90 x 10.0%); in FY17-18 is estimated to be \$42 (\$420 x 10.0%); and in FY18-19 and subsequent years is estimated to exceed \$72 (\$720 x 10.0%).
- The increase in local government revenue in FY16-17 is estimated be \$27 (\$90 x 30.0%); in FY17-18 is estimated to be \$126 (\$420 x 30.0%); and in FY18-19 and subsequent years is estimated to exceed \$216 (\$720 x 30%).
- With the low forecasted number of AV's in this state over the next three fiscal years, it is believed that DOS would not require additional staff to fulfill the provisions of the bill over this time period. However, as the use of AV's becomes more prevalent in the

future, DOS may eventually require additional staff to meet the requirements of the bill. The date in which additional staff will be required is not currently known.

- DOS reports the department would need to provide training and travel for current employees to implement the provisions of this bill. Any costs for training and travel is unknown, but is reasonably estimated to exceed \$500 each year beginning in FY17-18; these costs are estimated to exceed \$250 in FY16-17 due to the effective date of January 1, 2017.
- The provisions of the bill require the DOS to establish, by rule, an application fee to cover administrative costs incurred in administering the bill.
- The fee established by DOS is assumed to be sufficient for covering all administrative costs incurred by the department; therefore, the recurring increase in application fee revenue to the department is reasonably estimated to exceed \$500 each year beginning in FY17-18; the fee revenue is estimated to exceed \$250 in FY16-17 due to the effective date of January 1, 2017.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in blue ink that reads "Krista M. Lee". The signature is written in a cursive, flowing style.

Krista M. Lee, Executive Director

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